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FEDERAL COMMUNICATIONS COMMISSION
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BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

In the Matter of

CC: Docket No. 97-211

Worldcom, Inc. and MCI
Communications Corporation

REPLY COMMENTS OF
THE AMERICAN FEDERATION OF LABOR AND
CONGRESS OF INDUSTRIAL ORGANIZATIONS
IN SUPPORT OF GTE SERVICE CORPORATION'S MOTION TO DISMISS

815 16th Street, N.W.
Washington, D.C. 20006

February 5, 1998

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The American Federation of Labor and Congress of Industrial Organizations (“AFL-CIO”) is submitting this reply comment in response to the Federal Communications Commission’s request for comment on GTE Service Corporation’s Motion to Dismiss the joint application of MCI Communications Corporation (“MCI”) and WorldCom, Inc. (“WorldCom”) for the transfers of control of MCI to WorldCom.¹

The AFL-CIO, representing 13 million working families and their unions, has previously commented in opposition to the proposed transfer of control.² On January 30, 1998, the AFL-CIO Executive Council adopted a statement calling on state and federal regulators to oppose the application. That statement is attached.

In summary, GTE and others have forcefully raised before the Commission the failure of the applicants to provide the necessary information to enable the Commission and the public to assess the impact of the transfer of control. The information omitted prevents a complete assessment of the impact of the proposed merger on the competitiveness of vital telecommunications markets, the realization of universal access to telecommunications services, and the ability of all Americans to participate in the economic opportunities that the Information Age provides. The Commission should dismiss the application, or minimally, should require the applicants to provide additional disclosure and amend the pleading cycle as requested by Simply

¹Joint Applications of WorldCom, Inc. and MCI Communications Corporation for Transfer of Control of MCI Communications Corporation to WorldCom, Inc. CC Docket No. 97-211; Motion to Dismiss of GTE Service Corporation, CC Docket No. 97-211 (Jan. 5, 1998).

²Comments of the American Federation of Labor and Congress of Industrial Organizations, CC Docket No. 97-2494, 97-211 (Jan. 5, 1998).

Internet, Inc.³ Extending the pleading cycle would permit full public consideration of the additional information the Commission should require from the applicants, as well as the materials that will be available as a result of the Justice Department's Hart-Scott-Rodino review.

In the Bell Atlantic/NYNEX Order, the Commission has made clear that the applicants bear the initial burden of showing their proposed transaction will enhance competition.⁴ Applicants must define the markets at issue and detail the structure of those markets. The applicants have made certain assertions regarding these questions, but they have provided the Commission with no data defining the markets at issue, the current competitive structure of those markets, and their possible post-merger structure. Even their assertions appear to ignore the issue of Internet market power.⁵ Rather than engaging in this process, the applicants have sought to conflate questions of competitiveness with the issue of internal cost savings. As we stated in our initial comment, not only will internal cost savings not necessarily lead to more competitive markets, in this case the savings are generated by the combined entity's planned withdrawal from local telephone service competition.

Additionally, as the Rainbow/PUSH Coalition's comment details, the applicants have entirely omitted any discussion of the impact of the proposed transaction on practices harmful to

³Response of Simply Internet, Inc. and Request for Additional Pleading Cycle, CC Docket No. 97-211 (Jan. 26, 1998).

⁴NYNEX Corporation and Bell Atlantic Corporation (MO&O), FCC 97-286 (released August 14, 1997).

⁵WorldCom Application, 38-40.

the public interest, including redlining, cream-skimming and discrimination.⁶ It is our view that any application for review under the Act's "public interest, convenience and necessity" test must include adequate discussion of issues of the universality and fairness of access to be complete.⁷ In this case, the unprecedented size of the transaction and the market power of the prospective merged entity render the enforcement of this principle by the Commission vital to the fulfillment of the Commission's mandate. If these considerations were not sufficient, our initial comment and that of the Communications Workers of America demonstrate that public statements by both applicants in the months leading up to the application at the least raise questions as to the impact the combined entity's business strategy would have on those issues.⁸

The applicants' failure to include the information necessary to evaluate their application is a direct challenge to the Commission's mandate to enforce the Telecommunications Acts of 1934 and 1996. The appropriate response is to dismiss the application.

Respectfully submitted,

A handwritten signature in black ink, reading "John J. Sweeney". The signature is fluid and cursive, with the first letters of each word being capitalized and prominent.

John J. Sweeney
President
AFL-CIO

⁶Comments of Rainbow/PUSH Coalition in Support of GTE Service Corporation's Motion to Dismiss, CC Docket No. 97-211 (Jan 27, 1998).

⁷47 U.S.C. 309(a).

⁸Comments of the Communications Workers of America, CC Docket No. 97-211 (Jan. 5, 1998).